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MARKETING A CROWDFUNDING CAMPAIGN THROUGH DIGITAL MARKETING CHANNELS

Case: The Crowdfunding Platform X

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ABSTRACT

This thesis discusses the subject of marketing a crowdfunding campaign through digital marketing channels, focusing especially on social media. Crowdfunding is a growing phenomenon all over the world, and provides a new and interesting form of financing. Crowdfunding can be defined as actions to fund a company or a project through online-based platforms. The fundamental idea is that people can give anything from a few euros to bigger amounts and together make big things happen with their combined efforts. This study mainly focuses on equity crowdfunding, and has been conducted as a commission for a crowdfunding platform, The Crowdfunding Platform X.

The objective of this study was to explore how the entrepreneurs on The Crowdfunding Platform X marketed their crowdfunding campaigns, and it is aimed to be used as orientation material for future crowdfunding entrepreneurs. The study provides information about marketing a crowdfunding campaign as well as basic information on crowdfunding and digital marketing with focus on social media marketing. In addition, the main findings of this thesis have been compiled into a "handout" summarizing the most important tips and recommendations.

This study was carried out as qualitative research. Four entrepreneurs, who have conducted a crowdfunding campaign on The Crowdfunding Platform X's platform, were interviewed for the study. The interviews aimed to find out, among other things, what channels the entrepreneurs used to market their campaigns, what kind of content they shared during it, and what sort of recommendations they would give to others considering crowdfunding.

The study results show that all of the entrepreneurs used social media to market their crowdfunding campaigns. The importance of video in the campaign presentation was emphasized as well as starting big with the campaign. Existing, strong networks before launching the campaign and the true passion of the team behind the campaign are essential. Based on the interviews, it can be stated that there is no one right way to market a crowdfunding campaign as the business is still taking shape and looking for more established practices.

Key words: crowdfunding, digital marketing, social media marketing

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TIIVISTELMÄ

Tämä opinnäytetyö käsittelee joukkorahoituskampanjan markkinointia digitaalisten markkinointikanavien ja erityisesti sosiaalisen median kautta. Joukkorahoitus on kasvava ilmiö maailmalla tarjoten uuden, mielenkiintoisen rahoitusmuodon. Joukkorahoituksella tarkoitetaan toimintaa, jossa ihmiset rahoittavat yrityksiä tai projekteja internetin välityksellä tapahtuvien joukkorahoituslupojen kautta. Tämä työ on tehty toimeksiantona Joukkorahoituslupa X:lle, ja se keskittyy pääasiassa osakepohjaiseen joukkorahoitukseen.

Opinnäytetyön tarkoituksena on tutkia, miten Joukkorahoituslupa X:n kautta rahoitusta hankkineet yrittäjät ovat markkinoineet kampanjoitaan. Valmista työtä on tarkoitus voida hyödyntää infopakettina tuleville joukkorahoitusyrittäjille kyseisellä alustalla. Se tarjoaa tietoa paitsi joukkorahoituskampanjan markkinoinnista, myös perustietoa joukkorahoituksesta sekä digitaalisesta markkinoinnista painottuen erityisesti some-markkinointiin. Työn liitteeksi on luotu ”lehtinen”, johon on koottu tämän opinnäytetyön perusteella keskeisimmät ohjeet ja neuvot tuleville joukkorahoitusyrittäjille.

Tämä opinnäytetyö on toteutettu kvalitatiivisena tutkimuksena. Työtä varten on haastateltu neljää yrittäjää, jotka ovat hankkineet rahoitusta Joukkorahoituslupa X:n kautta onnistuneesti. Haastatteluiden avulla on pyritty muun muassa selvittämään mitä kanavia yrittäjät ovat käyttäneet joukkorahoituskampanjojensa markkinointiin, millaista sisältöä he ovat kampanjojensa aikana jakaneet sekä millaisia neuvoja he antaisivat muille joukkorahoitusta harkitseville yrittäjille.

Tutkimuksessa selvisi muun muassa, että kaikki yrittäjät käyttivät sosiaalista mediaa hyödykseen joukkorahoituskampanjan markkinoinnissa. Videon merkitystä kampanjan presentaatiossa korostettiin, samoin kampanjan näyttävän aloituksen tärkeyttä. Vahvat, olemassa olevat verkostot sekä tiimin aito intohimo projektia kohtaan ovat ehdottomia. Haastatteluiden perusteella voidaan todeta, ettei yhtä ainoaa oikeaa keinoa markkinoida joukkorahoituskampanjaa ole, vaan ala etsii yhtä vakiintuneita toimintatapoja.

Asiasanat: joukkorahoitus, digitaalinen markkinointi, some-markkinointi

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1 INTRODUCTION

1.1 Background and objectives

The concept of crowdfunding is very emergent and current having achieved a lot of visibility in media in recent years. Many have heard of the concept but are not quite sure of it in the end: what is it exactly, how does it work in practice, why would it be a good choice for financing and for whom. Very simply put, crowdfunding means that people, anyone, contribute and pool their money together in order to support a project, a company or a product that they believe in and want to help and support. Usually the people contributing money receive rewards or stock in return for their investment, but there are different types of crowdfunding that work in different ways. Crowdfunding takes place mainly in an online setting. The beauty of crowdfunding is that people can contribute anything from a few euros to bigger amounts, as together all these small contributions make up big investments. Crowdfunding can also be a tool for market validation, PR and gathering a group of people who think alike and can together make big things happen with support of the community.

The awareness of crowdfunding could be enhanced, as it provides an interesting new tool for financing especially for startup companies. New tools for financing are much needed as entrepreneurs and companies face even more difficulties with financing than ever before these days, and crowdfunding provides one new solution to the problem by being not only a potential source of capital but also an effective tool in marketing and supporting entrepreneurship and young businesses.

This thesis is carried out as a commission for The Crowdfunding Platform X. The company operates in the crowdfunding business running a platform online through which entrepreneurs and companies can seek funding and anybody can support them in exchange for rewards or company stock. The idea for this thesis originated from the author's five-month internship at the commissioning company under the summer and autumn in 2013. The topic was suggested by the commissioning company as they wish to obtain more information on how the companies raising funding through their platform market their campaigns. This study focuses on equity crowdfunding campaigns. The results of this study

provide the commissioner with specific information about the views and experiences of the entrepreneurs on their platform in terms of marketing a crowdfunding campaign.

The main aim of this study is to research certain crowdfunding projects on The Crowdfunding Platform X through interviews in order to gather information about crowdfunding campaign marketing. The study will provide realistic and empirical information on the topic based on the first-hand experiences of the entrepreneurs who have already carried out a crowdfunding campaign. The interviews will be analyzed and together with the theoretical section form a compact yet comprehensive guidebook on crowdfunding, digital marketing, and, eventually, crowdfunding campaign marketing. Therefore, the finished work as a whole can be used as a guidebook and orientation material for those considering crowdfunding. In addition, the main findings will be compiled into a “handout” presenting the most useful tips for future crowdfunding entrepreneurs on The Crowdfunding Platform X. The research problem is:

- How should entrepreneurs market their crowdfunding campaigns? What are the most important aspects to take into consideration?

The intention is to focus on merely a few cases in order to look into each one deeper. Moreover, as the operations of The Crowdfunding Platform X are still fairly young, as well as the business of crowdfunding as a whole, there are not a lot of cases to start with. However, this thesis also wishes to correct the fallacious idea that one could just set up a crowdfunding campaign on a chosen crowdfunding platform and then just sit back and let the money start flowing in, as crowdfunding campaigning requires hard work in order to succeed. Therefore, an important factor is also to show the future crowdfunding entrepreneurs that running and marketing a crowdfunding campaign does take time and effort, which needs to be fully realized prior to the campaign activation.

1.2 Outlining

The objective of this study is to provide information and experiences about crowdfunding campaign marketing learning from the entrepreneurs who share

their first-hand experiences after their own campaigns, as well as to educate the reader about the very basics of crowdfunding and digital marketing. The focus of this study is on digital marketing and especially on social media marketing due to their applicability to crowdfunding. Online setting is primarily where crowdfunding happens as crowdfunding platforms operate online, which makes the outline natural. Digital marketing and social media marketing are also current and dynamic topics as well as crowdfunding and, therefore, share certain similar features such as the sense of community. In terms of crowdfunding, the focus of this study is on equity crowdfunding.

The view on marketing and crowdfunding in this thesis is of fairly general nature and it does not aim to be a comprehensive guide to crowdfunding or to digital marketing, but focuses on marketing a crowdfunding campaign mainly via digital marketing channels based on the chosen, relevant theoretical sources and the interviewees' own experiences and observations. Eventhough crowdfunding as a topic is also very wide and contains numerous aspects that should be taken into consideration, this thesis will mainly focus on the crowdfunding campaign marketing. However, other related issues, such as financial factors, are addressed shortly in this study as well. It should be taken into consideration that this thesis is written from the author's own viewpoints after completing an internship with a crowdfunding platform and having followed the business and its development for approximately a year, and is strictly outlined to only cover a very small area of the overall topic.

1.3 Research methods and the theoretical frame of reference

This study is carried out as qualitative research. Qualitative research aims to understand the phenomenon which it aims to study - in this case marketing a crowdfunding campaign. The theoretical frame of reference is formed out of various electronic and literary sources. Also, a crowdfunding expert Kristiina Pääkkönen, the Country Manager Finland of an international crowdfunding platform, FundedByMe, has been interviewed for this study for professional and current views on the business.

The benefit of crowdfunding being quite a young business is that most of the theoretical material about crowdfunding is fairly recent and up-to-date in most parts. The material is mainly in English as the information is quite difficult to find or nonexistent in Finnish. The reason for this is primarily the fact that the topic of crowdfunding is not yet as widespread in Finland as it is in many other parts of the world. Most of the theoretical material covering crowdfunding is discovered from the internet by a very wide range of authors. Also, the author's subjective observations have an impact on this study as the writer has conducted an internship in the case company and, therefore, been following the business from a close distance. The theoretical material concerning digital marketing and social media marketing is mostly obtained from literature on the subject as well as from multiple electronic sources.

In Finland, some theses have been written concerning crowdfunding. Most of them have been written in very recent years, mostly in 2012 and 2013, which as well indicates the novelty and topicality of crowdfunding. Most of these studies are focused on quite specific areas of the topic, such as funding creative projects. For example, Uusi-Kartano has written a thesis titled "Crowdfunding as Enabler of Creative Projects", and Kosonen titled "Crowdfunding as a Pre-Sales Channel for a Game" (Uusi-Kartano 2013; Kosonen 2013). None has yet been written about crowdfunding with specific focus on marketing, and therefore this study is first of its kind and provides various topics for further research.

Internet provides lots of material about crowdfunding and how to execute a crowdfunding campaign successfully from a very wide range of sources. In addition, articles have been written about crowdfunding campaign marketing. For example Jamieson (2013) has created an article titled "5 Ideas to Market Your Crowdfunding Campaign", which lists some issues that should be taken into consideration when marketing a crowdfunding campaign. Most of these materials include similar things to this study with varying focus and content, and it seems there are as many opinions of the most important factors as there are authors. Therefore, it seemed sensible to gather some of the relevant information about crowdfunding campaigning in a more compact form and spice it up with some first-hand experiences of the entrepreneurs interviewed.

1.4 Structure and content

The first chapter is an introduction to the thesis, and presents the background of the study, the research problem, the main objectives, the theoretical frame of reference, and the content and structure of the study. The second chapter will explore what is crowdfunding, how it can be used for financing a company or a product, the different types of crowdfunding, and what are the main benefits of crowdfunding. The third chapter discusses digital marketing with focus on social media marketing. It will cover different forms and channels of digital marketing most relevant to crowdfunding, and discuss how social media marketing can be leveraged by companies in marketing.

The fourth chapter forms the empirical section of the study. It will present the execution of the study as well as the interviewees, and share the first-hand experiences and recommendations of the interviewed entrepreneurs in terms of marketing a crowdfunding campaign. The fifth chapter presents conclusions of the study whereas the chapter six will summarize the study and present some potential future research subjects. Below is an illustration of the structure of the study (FIGURE 1).

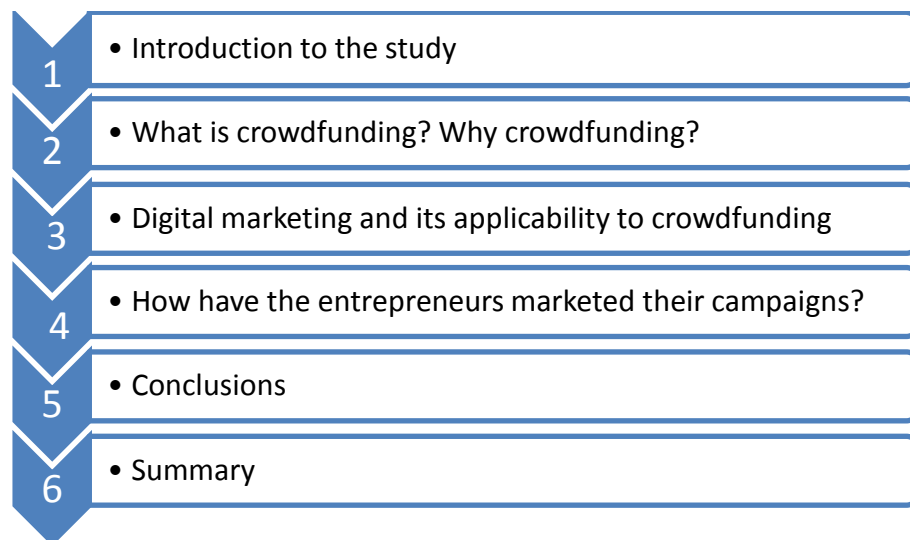


FIGURE 1. Structure of the study.

2 CROWDFUNDING IS BUILDING MOMENTUM AROUND THE WORLD

This chapter will educate the reader on the very basics of crowdfunding. It will examine what exactly the term crowdfunding refers to by presenting where it has its origins. It will discuss some of the features and benefits of crowdfunding and explains why it is an interesting new option for financing. Different types of crowdfunding will also be introduced shortly. In terms of this study, the focus is mainly on equity crowdfunding.

2.1 From crowdsourcing to crowdfunding

In order to fully understand the concept of crowdfunding it is best to be familiarized with crowdsourcing first, which is where crowdfunding has its origins. Crowdsourcing as an idea is not new but the term “crowdsourcing” was first introduced in 2006 by Jeff Howe, a contributing editor to Wired Magazine (Alsever 2007; Goodrich 2013). According to Goodrich (2013), crowdsourcing can be described as follows:

-- the process of getting work or funding from a large group of people in an online setting. -- to use a large group of people for their skills, ideas and participation to generate content or help facilitate the creation of content or products. (Goodrich 2013.)

Goodrich (2013) also describes crowdsourcing as a sort of distribution of problem solving, as the crowd provides vast opportunities and resources. For example, the gaming industry has been utilizing crowdsourcing for years with beta invitations. Gaming companies hope to receive bug reports and feedback about games before actually releasing them, and, therefore, in exchange they are giving a certain group of people an access to play the game before its actual launch.

According to Pääkkönen (2013), crowdfunding dates back to the 18th century when the first musical and literature projects were funded through presales-based crowdfunding. Already Mozart, Beethoven and Twain funded their works in similar ways (Kickstarter 2013). In the 21st century the use of crowdfunding has reached new measures with the help of numerous social media channels where

people share things and hope to receive comments and feedback. Since then, also companies have started to leverage this possibility to reach people in all new ways and to interact and discuss with them like never before. This is, according to Pääkkönen, how the phenomenon of crowdfunding came to be. (Pääkkönen 2013.)

Since crowdfunding is still quite a new sector of business, it is developing and taking shape all the time (Andrew 2013). Pääkkönen (2013) feels, however, that the knowledge about crowdfunding is increasing quite fast. It is new and interesting topic for many, yet most only have a hunch of the idea so far. People may have heard of it or read about it, but do not know how it works exactly in practice but are increasingly curious to know more.

2.2 Crowdfunding provides new opportunities for financing

Entrepreneurs and small businesses face more and more trouble these days in terms of financing, especially due to the global economic situation. New tools for funding companies are more than needed, and the passing of the JOBS Act in April 2012 has accelerated the crowdfunding boom, which can be seen as one solution for the problems these companies face. (Prive 2012b.) JOBS Act, or the Jumpstart Our Business Startups Act, aims to help and support entrepreneurship and small businesses, and to increase their possibilities to access capital (Clifford 2012; Farrell 2012). Gustafsson (2013) writes in Savon Sanomat that startup companies may even benefit from the recession in Finland, as venture capitalists and business angels are more interested in investing in startup companies than before. Thus, an interest towards startup companies is positively increasing. However, whereas before investing in startups used to be possible for only few people with a lot of money, crowdfunding makes it possible for anyone to pitch in anything from a few dollars to bigger investments (Andrew 2013).

Crowdfunding is an alternative way to finance a company or a project and, according to Dupree (2013), can be called as a “funding innovation”. There are several benefits of crowdfunding not only to the company or to the crowd, but to the economy as well. It gives a chance to smaller businesses which, in turn, may generate revenue and create jobs. Also, especially for the entrepreneurs struggling with the numerous risks of starting a company, crowdfunding can provide a

chance to hedge the risk by not only providing an access to capital but, for example, market validation, valuable feedback and new ideas. Not only is crowdfunding a free marketing and PR tool to showcase the company and its products, services and vision through many channels, it also helps to introduce the product and company behind it and to start gathering loyal customer base in an early stage. (Prive 2012a; Prive 2012b.)

The world's biggest and probably the most well-known crowdfunding platform is a New York-based Kickstarter launched in 2009, which has pledged over 1 billion dollars from 5.7 million people for creative projects (SalkunRakentaja 2013; Kickstarter 2014a). According to Kickstarter (2014a), over half of the amount was pledged in the last 12 months alone, and the money came from people from 224 countries and territories, and from all seven continents. This definitely testifies for the soaring enthusiasm of crowdfunding all around the world. The most successful crowdfunding project to date has been the Pebble Smartwatch, which raised 10 million dollars on Kickstarter in May 2012 (Chang 2012). As the business grows, new players have emerged to the field of crowdfunding, and today a growing number of different crowdfunding platforms operate online both nationally and internationally.

2.2.1 Different types of crowdfunding

The types of crowdfunding differ, and for example SterlingFunder (2013) categorizes crowdfunding into four different types, which are donations, rewards, equity, and debt. According to its name, donation-based crowdfunding means that the crowd is donating the money or resources and gets nothing in return. The crowd funding donation-based campaigns relates to the cause of the campaign and wants to support it - for example charity. In terms of reward-based crowdfunding campaigns, the crowd receives something in return for their money. Typically it is a product or a service of the company collecting funds, and can be something very simple such as a CD or a t-shirt. The reward correlates to the amount of money given. Equity crowdfunding, on the other hand, means that in exchange for investing in the company the crowd receives company shares in return, and, therefore, become shareholders of the company. In the best case the investors, the

crowd, will receive dividends if the company performs well. Debt crowdfunding means that the company borrows the funds from the crowd and is legally binded to pay the loan back at certain time and at a certain interest rate.

In addition to the four mentioned types, there are other types of crowdfunding as well. However, the terms and definitions of the types of crowdfunding may vary. The funding models used by crowdfunding platforms differ as well. The two most used models are “All or Nothing”, meaning that the project creator must reach the funding goal in order to receive any money, and “Keep it All”, meaning that the project creator can keep all the funds collected whether the goal is met or not. (Crowdfunding Dojo 2012a; SterlingFunder 2013; Mariotti 2014)

There are numerous crowdfunding platforms operating these days but the basic idea is similar: an entrepreneur or a company sets up a profile on the online platform and launches a crowdfunding campaign. The campaign lasts for a fixed period of time and the general public can fund the project during this time. The project creator will set a funding goal, which will be visible on the site along with the funds collected so far. The campaign should stem from a powerful reason behind it and have an eye-catching display, often also a video. (Prive 2012b.) An example of a crowdfunding campaign layout, Magnetic Kitchen’s campaign on Kickstarter, is presented below (FIGURE 2). After the campaign is set up on a crowdfunding website, companies can start utilizing social media and their networks, local media contacts, e-mail posting list and other channels to start spreading the word (Prive 2012b; UKCFA 2013).

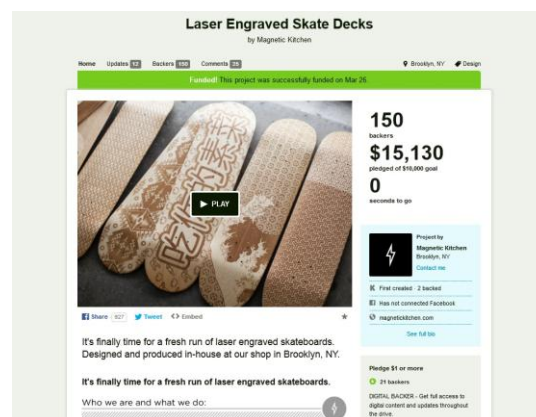


FIGURE 2. Layout of a crowdfunding campaign by Magnetic Kitchen (Kickstarter 2014b).

2.3 Why crowdfunding?

Harrington (2014) provides the following definition for crowdfunding:

-- crowdfunding is simply the collective effort of individuals who network and pool their money, usually via the Internet, to support efforts initiated by other people or organizations (Harrington 2014).

The power of crowdfunding is that companies can leverage the resources and creativity of their own audience who often want to be involved in the companies they buy from (Goodrich 2013). There are a lot of people who can and want to help businesses grow and succeed, and often in return they wish for some recognition or, in some cases, a financial reward. Crowdsourcing is a low-cost opportunity to improve company productivity and it provides a possibility to harness new talents. (Alsever 2007.) It is a way to utilize the knowledge of the crowd, and makes it possible for people with small contributions to make big things happen with their combined efforts (Pääkkönen 2013). Illustrated below (FIGURE 3) is the basic idea and power of crowdfunding.



FIGURE 3. The basic idea and power of crowdfunding (Fund St. Louis 2014).

Internet and social media have a crucial role in crowdfunding, as they provide a possibility to reach out to bigger masses and people who would normally be out of reach geographically or otherwise. This is especially important for companies who are aiming to expand, for example, to international markets, or for those whose product might appeal to certain groups of people that may be divided all around

the world. (Pääkkönen 2013.) Crowdfunding is not only for small businesses, but a good option for more established companies as well, and provides a possibility to turn to consumers with funding needs instead of banks (Prive 2012b; Airaksinen 2013). Pääkkönen (2013) also reminds that crowdfunding is not just about funding, but a powerful tool of marketing as well – already starting a crowdfunding campaign may open doors and helps to create important relationships with possible retailers or other important players. During the crowdfunding campaign, a company can collect feedback for their business idea, test the market, presale products or even look for partners and other team members for their company (Pääkkönen 2013; Airaksinen 2013).

As oppose to general fallacy, crowdfunding does not adhere to the following pattern: as the campaign is set up the entrepreneur can merely sit back and let the money start pouring in. Instead, crowdfunding campaigning requires efforts and goals in order to be even worthwhile. (Prive 2012b.) A major pitfall for entrepreneurs concerning crowdfunding campaign is usually the lack of understanding the amount of work it requires and, according to Pääkkönen (2013), crowdfunding platforms can only be seen as marketing platforms whereas the actual campaigning takes place elsewhere outside the crowdfunding platform. The campaigning requires hard work, which is often misunderstood.

As all investments, also crowdfunding includes risks. Investing in startup and growth companies, which often are the ones seeking funding through crowdfunding, is always risky. At the end of the day, however, the investor is responsible for evaluating the risk, and should keep in mind to only invest an amount that they are ready to loose in the worst case scenario. Possibly the biggest problem concerning crowdfunding is the lack of surveillance. The investor may not basically have any idea to what exactly is the investment being used for. However, having an anchor investor onboard, who actively participates in developing the company, may help diminish risks. Furthermore, many crowdfunding platforms carefully audit the backgrounds of the companies who hope to start seeking funding through their platforms. (Airaksinen 2013.)

Legislation and regulation concerning crowdfunding vary from country to country, which creates challenges for the business as well (Pääkkönen 2013).

According to Airaksinen (2013) in Taloustaito, the issue of whether to start controlling the crowdfunding business effectively through legislation is on the table of discussion all over the Europe at the moment. In Finland, Financial Supervisory Authority states that crowdfunding does not fall under its surveillance. They see crowdfunding platforms more as marketing platforms instead of platforms that are providing financial services and which are a subject to license. The key is mainly the compensation; by putting a certain amount to the crowdfunding campaign, one must receive a tangible compensation of sufficient level in return. Therefore, it is basically not allowed to speak about donating or supporting. (Luotio, M. according to Airaksinen 2013).

3 SUCCESSFULL MARKETING COMMUNICATION THROUGH DIGITAL MARKETING CHANNELS AND ITS APPLICABILITY TO CROWDFUNDING

In this chapter the reader will be familiarized with digital marketing and its position in today's field of marketing. The chapter will take a look at certain specific forms and channels of digital marketing based on their applicability and relevancy to crowdfunding. The focus is on social media marketing. The selection has been made based on the author's subjective experiences as well as on the theoretical sources concerning crowdfunding.

In essence, internet and digital marketing are making crowdfunding possible (Jamieson 2013). Fundamental to both internet and crowdfunding is their power to connect people. Furthermore, crowdfunding platforms mainly operate online, which is why the online setting is the focus of this thesis as well. (Merisavo, Vesanen, Raulas & Virtanen 2006, 194.) Each topic will be connected to crowdfunding along the way, and thereby information about crowdfunding campaign marketing will be explored simultaneously.

3.1 Digital marketing today

As Kotler & Armstrong (2010, 28) state, sound marketing is critical to the success of every organization. Among many other things, marketing consists of community involvement, and can be seen as everything an organization does to build a relationship between the company and the consumer (University of Carolina 2009). We are now living a digital age, which is a result of the recent technology boom. All of us are connected to each other and to information in various ways anywhere in the world, and all marketing content can be shared with friends and networks everywhere. (Kotler & Armstrong 2010, 49.)

Digital marketing communications can be defined as all marketing communications conducted digitally or in digital mediums (Karjaluo 2010, 13). Merisavo (2008) further defines the concept as follows:

--communication and interaction between a company or a brand and its customer where digital channels (internet, e-mail, mobilephones, and digital television) and information technology are utilized (Karjaluoto 2010, 13).

In today's world, with the help of all new digital technologies, companies can reach and interact with customers anywhere, anytime and about almost anything (Gunelius 2011, 232). At the moment, marketing and marketing communications are in a state of breach – a digital breach (Merisavo, Vesanen, Raulas & Virtanen 2006, 15-35; Karjaluoto 2010, 25-42).

Today marketing is much more than just selling and advertising as marketers want to be part of consumers' lives and provide them with experiences. Major changes are happening in the ways in which companies relate to their customers: companies wish to build deeper, more direct, and longer lasting relationships with more carefully selected customers, as oppose to mass marketing to all customers in a standardized way. The key is to create value for the consumers and move towards listening as oppose to "telling and selling". More interactive relationships are desired, and new technologies create new opportunities to relate to people in different ways. Not only does this effect on the companies' marketing activities, it also effects on how customers relate to companies and their products. Through digital channels a company can boost their business operations and communications as well as create new kind of value for the consumer and, therefore, build more interactive relationships. (Merisavo, Vesanen, Raulas & Virtanen 2006, 34, 37; Kotler & Armstrong 2010, 40-41, 49).

3.2 Digital marketing forms and channels

According to Divia's Digital Marketing Barometer 2011 (2013), the most popular forms of digital marketing are the company's own website, search engine marketing, newsletters sent via e-mail, direct marketing, and online marketing. All companies should consider moving online, and typical ways to do that follow the same pattern: create a website for the company, advertise online, create existence and participate in social networks or use email as a marketing tool (Kotler & Armstrong 2010, 532-534). Especially search engine marketing and e-mail

marketing have grown their popularity over the recent years (Karjaluo 2010, 129). Much of the world's business today is carried out over digital networks and all kinds of companies market online. Also the consumers find companies from the internet, as they use it as a significant tool when looking up information. Online discussions and sharing consumer experiences in online communities have also increased their value. Therefore, having an online website for businesses is vital for survival nowadays. (Merisavo, Vesanen, Raulas & Virtanen 2006, 26; Kotler & Armstrong 2010, 528; Gunelius 2011). There are several positive aspects of digital marketing for both the company and the consumer, which are in short illustrated in the table below (TABLE 1).

TABLE 1. Benefits of digital marketing for both the marketer and the customer (Merisavo, Vesanen, Raulas & Virtanen 2006, 45).

Benefits for the marketer	Benefits for the customer
<input type="checkbox"/> Cost-effectiveness in terms of communication, distribution and production	<input type="checkbox"/> Easier and more efficient information retrieval and buying
<input type="checkbox"/> Reaching bigger/more specific audience	<input type="checkbox"/> Independent in terms of time and place
<input type="checkbox"/> Possibility to instantly react to customer communication	<input type="checkbox"/> Possibility to communicate with the marketer easily and free of charge
<input type="checkbox"/> Fast execution and alteration	<input type="checkbox"/> Possibility to communicate with other customers
<input type="checkbox"/> Possibility for more targeted, personal and interactive marketing	<input type="checkbox"/> Receiving information specific to one's own needs and desires
<input type="checkbox"/> More frequent interaction with customers	<input type="checkbox"/> Easier to survey the reputation and trustworthiness of the seller
<input type="checkbox"/> Easy to monitor customer behaviour and gather information about them	<input type="checkbox"/> Possibility for documentation

The most commonly known channels of digital marketing include internet, e-mail, mobile, websites and social media, which are also the channels this thesis will mainly focus on (Merisavo, Vesanen, Raulas & Virtanen 2006, 15; Karjaluo 2010, 14). There is no one right answer to which channel or tool to use, but recommended is to look around where the target audience is spending time, and

find a channel that feels natural. If the chosen channel is suitable and enjoyable, it usually equals more frequent uses and interesting content, which, in turn, makes the audience coming back for more. (Gunelius 2011, 232.) One of the basic attributes of digital channels is that it they work as a two-way process, when companies must be ready to react to consumer interaction as well (Merisavo, Vesanen, Raulas & Virtanen 2006, 105).

3.2.1 Online marketing

According to Kotler & Armstrong (2010, 50, 528) online marketing is now the fastest-growing form of marketing. It is defined broadly as company efforts to market products and services and build customer relationships over the internet. The use of internet has grown globally very rapidly, and most of the people in charge of marketing decisions agree that companies should have an online presence (Karjaluo 2010, 128). Liljeroos (2013) brilliantly portrays internet marketing by comparing the company's website to a town that has many roads leading in to it.

Internet advertising includes company's website, campaign pages, online advertising and search engine marketing (Karjaluo 2010, 14, 133). Consumers utilize internet as a significant tool for information retrieval and discussion, and the online search engines are usually the first option for many (Merisavo, Vesanen, Raulas & Virtanen 2006, 26). Therefore, it is no wonder that search engine marketing has grown its popularity over the recent years, and finding information online is mainly conducted via search engines such as Google. As people use these search engines actively, a company might consider utilizing search engine marketing (Karjaluo 2010, 14, 133). The very idea is to gain visibility for a company or a product right when the potential customer is looking up information online about something related to it. Search engine optimization, further, refers to actions aiming to improve the ranking and visibility in search engine results, which may help generate traffic to one's website. (Liljeroos 2013.)

In terms of crowdfunding, viral marketing may help to create the needed attention around the crowdfunding campaign. Going viral can be defined as simply as "becoming real popular real quick" (Urban Dictionary 2014). More specifically, a

message may go viral on the internet when people are sharing and forwarding links to certain websites to their friends and networks and encouraging them to visit them. The message can be received by an exponential number of potential customers and it is a very low-cost way to grab the attention of masses with interesting content. (Duermyer 2014.)

3.2.2 E-mail

E-mail is an important and growing online marketing tool. Companies use more and more personalized messages, which are carefully targeted and aimed to grab attention. As an inexpensive and targeting-effective channel, e-mail is a good tool when used properly. (Kotler & Armstrong 2010, 540.) Devaney & Stein (2013) even state that e-mail is more effective than social media in marketing. This is based on a recent study by Custora, showing that the customers coming to the business via e-mail will buy more and use more money. The reason may lie in the fact that the people, to whom the companies send these e-mails to, have given their permission for this and are, therefore, more approving about them. This is called permission-based e-mail marketing, and it can also be a solution for the explosion of spam, unwanted commercial e-mail messages, that has awoken customer irritation (Kotler & Armstrong 2010, 540).

Nowadays e-mails should look good on a smartphone screen as well, since what most people do with their mobile devices is to read their e-mails. Therefore, e-mails are always available, but can also quickly be skipped if the content is uninteresting. (Devaney & Stein 2013.) It is important to start creating an e-mail list in time, as creating a comprehensive contact list takes time. There are also services that help managing the mailing lists, such as MailChimp, through which a company can send out e-mails and newsletters, which are fast replacing and supplementing published customer magazines and leaflets. (Merisavo, Vesanen, Raulas & Virtanen 2006, 26; Liljeroos 2013.)

Emerson (2013) recommends using e-mail marketing to promote a crowdfunding campaign as well, but reminds that the entrepreneur needs to have a strong network already before launching the campaign. Another way to utilize the power of e-mail in marketing is to create a personalized e-mail signature for each

message sent out. The signature may, for example, be a reminder for the recipient to check out the sender's ongoing crowdfunding campaign and contain a link to the campaign page (Pääkkönen 2013).

3.2.3 Mobile

According to Kotler & Armstrong (2010, 525), many marketers see that the mobile phone is the next big direct marketing media, as growing number of consumers are using cell phones for surfing online, watching videos and checking their e-mails. According to Smith (2012), 55% of all cell owners in the United States use their phone to go online, which is more than half of the amount of cell owners altogether. The strengths of mobile marketing include the facts that the mobile appliance is always with the consumer and allows instant, direct interaction with the user. In addition, the mobile content can be very basic and simple and very easily shared with others. Therefore, mobile marketing has huge viral potential. (Viswanathan 2104.)

3.2.4 Video

Billions of videos are viewed online each month on websites such as YouTube, which is also the second biggest search engine online, and Vimeo, and creating and sharing videos is easy to do these days. A video is an entertaining way to present products and services, and a good way to appeal to the senses that written word cannot. (Gunelius 2011, 131-135; Liljeroos 2013.) A company should pay attention to naming the video in such a way that it is easily found and can be linked to the wanted website (Korpi 2010, 36-37). Many companies are creating branded channels on YouTube, even though the full potential of the platform has not yet been obtained by many marketers (Reinhard 2010). Below (FIGURE 4) presented is a screenshot of a one kind of company YouTube channel by Maybelline New York (YouTube 2014).



FIGURE 4. Maybelline New York's YouTube channel frontpage (YouTube 2014).

A good way to start with the video is to browse other videos related to one's industry and to see what kinds of videos are getting most views. However, the video does not need to be anything too fancy or special as long as it is entertaining, helpful or interesting, and the sound and quality of the video are good. The length of the videos should be kept short, and the most interesting and intriguing content should be placed in the beginning. (Gunelius 2011, 131-135.)

Having a video included in a crowdfunding presentation may have a momentous effect. A video will tell much more about the project than words alone, and adding a video to the campaign may even have an impact on whether the campaign will succeed or not. Having a video in the crowdfunding campaign presentation, as oppose to not having one at all, may increase the chances for the project to get funded, and, furthermore, may even increase the funding received. In today's fast paced world, people want the information fast and in a form they can easily digest it, which is where storytelling through a video is the best channel. (Crowdfunding Dojo 2012b; ImpactCrowd 2013; Salmore 2013.)

The video does not need to be professional made or anything too special in terms of a crowdfunding campaign either, and the videos included in many crowdfunding campaigns are often very basic. Basically, in terms of a crowdfunding campaign, the best attributes to a video are shortness, appeal and

clearness. The video should acquire the viewer's trust in order to get them to fund the project, and a best way to do that is for the entrepreneur to appear in the video themselves - this gives the viewers a chance to get to know the person who is asking them for money. The video should not usually last more than a couple of minutes for best results. (Crowdfunding Dojo 2012b; ImpactCrowd 2013; Salmore 2013.)

3.2.5 Other channels

Outside the digital channels, using events as a marketing tool for the crowdfunding campaign may be something to consider, as relationship building is an important part of crowdfunding. Events can be very powerful and, furthermore, an excellent way to spend time with existing and potential clients while at the same time getting to know them better (Baggs 2013). Creating an event around a crowdfunding campaign is also a good way to get people excited, make them feel like they are a part of something bigger and reach to them on a completely new level (Young Entrepreneur Council 2013). It is always a good idea to go out and meet people in person as well as to participate in local events (Jamieson 2013).

Despite the fact that digital mediums have a strong impact on crowdfunding campaign marketing, Pääkkönen (2013) also strongly recommends reaching out to traditional media as well. The local newspaper, a journalist or a magazine writing about the field of business the crowdfunding entrepreneur operates in, are good channels to tell about the crowdfunding campaign. In fact, journalists are often interested in entrepreneurs and their stories. Getting media coverage for the campaign is, without any explanations, a significant and an impressive piece of news to share especially for the potential investors.

3.3 Social media marketing

It is important to know that marketing is, among other things, a social process (Kotler & Armstrong 2010, 49). According to WebCoupers (2012), social media marketing can be defined by the following sentence:

Social media marketing refers to the process of gaining website traffic or attention through social media sites, with the main aim of brand or product engagement (WebCoupers 2012).

Further, Gunelius (2011, 13) states the following about the importance and power of social media in marketing:

Social media marketing offers the single largest opportunity for entrepreneurs, small businesses, midsize companies, and large corporations to build their brands and their businesses (Gunelius 2011, 13).

The biggest changes concerning social media marketing have taken place in the 21st century as Social Web has opened up vast marketing opportunities, and has not only become necessary for business life but for social life as well (Gunelius 2011, 3). For example, over 1.23 billion monthly users are using Facebook today, and 76% of United States citizens report that their favorite mobile activity is social networking (mobiThinking 2013; Ross 2014).

Social media marketing provides a way to interact with consumers, peers and customers in a relaxed and more personable way over the internet, and it also makes the company a lot more accessible. A variety of tools combining technology and social interaction such as Facebook, Twitter, YouTube, and MySpace can help companies to build relationships, create an identity to the company and to its products, and to communicate with consumers. (Lake 2013.) Integrating the social media channels to the company website can be a powerful tool of online brand promotion. Companies may include social media buttons and tools to their homepages in order to ensure the maximum online exposure for their brand, and provide a seamless transition to all digital platforms the company has created a presence in. The social media buttons can also encourage the visitors to share interesting content to their own networks in social media easily. (Woodrow 2012; Sundheimer 2013.) Below presented are two screenshots illustrating how companies may integrate social media tools to their websites (FIGURE 5 & FIGURE 6).

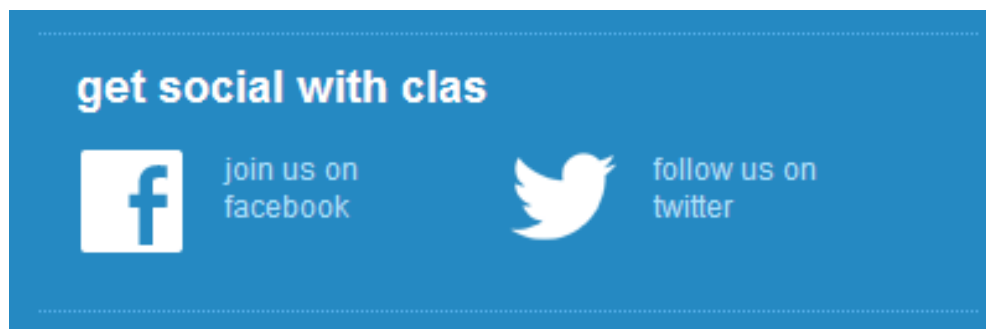


FIGURE 5. Screenshot of social media icons integrated to Clas Ohlson's company website (Clas Ohlson UK 2014).



FIGURE 6. Screenshot of social media icons integrated to Forbes frontpage (Forbes 2014).

Being present in various communities is a way for the company to open up many possible channels for the consumer to interact and reach out to them. It also gives the company a chance to react fast for consumer questions or inquiries.

Furthermore, various studies have also shown that the main reason for a consumer to switch to competitor's services is the lack of interaction between the company and the consumer. (Merisavo, Vesanen, Raulas & Virtanen 2006, 33.)

Social media is part of companies' marketing palette these days especially on the consumer side, says Pääkkönen (2013). When it comes to crowdfunding, where the actual transaction takes place on the online platform, digital marketing is especially emphasized. Furthermore, as crowdfunding is all about involving people so that they will together enable and make reality of the things they believe in, social media is the perfect fit. Usually, people who market their crowdfunding

campaigns in social media, most likely already represent the things, phenomena and values as the company does, and will, therefore, already have a network of people who would be interested in supporting the project.

Some companies still remain skeptical about the possibilities that social media marketing can provide for companies. Most companies do not have the know-how to strategize social media marketing activities, or might perceive social media as a mere “playground” for especially the young. However, most people using social media are regular working adults who find solutions to their problems from social media communities. What weighs in most, is how the entrepreneur or the company utilizes social media. Therefore, entertainment and playfulness may just as well be the tools to use in the company’s social media marketing strategy, if that applies and comes naturally. What is also important, is to find the places online where the target group is spending the most time and what kind of content they share, and then to actively participate in conversations and add value to the community. (Korpi 2010, 18; Cottle 2013.) In fact, according to Cottle (2013), not knowing the company’s market is exactly where many campaigns fail.

According to Gunelius (2011, 21, 51, 203), the power of social media marketing is the loyal audience that often becomes active brand guardians as the network grows and the relationships develop. That is why it is crucial to use the time on social media activities on relationship building and networking activities, instead of solely promoting and selling the products or services. The devoted audience is likely to help and defend the entrepreneur when needed, and can be extremely powerful. Because of the huge and influential audience, good social media marketing operations can change businesses.

In order to successfully raise funds through a crowdfunding campaign companies must actively create, strengthen and expand their social media footprint and presence (iCrowd 2013). In fact, Mott (2012) even states that crowdfunding sites are “a form of social media geared toward fundraising”. According to Trigonis (2012), activity on the social networks and the “social-life” of the crowdfunding campaign are vital for its success. Because of the variety of social media channels, such as Facebook and Twitter, crowdfunding can be successful. Furthermore, in addition to social media being powerful it also saves the entrepreneurs money.

Internet and social media especially enable companies to reach more people than ever all around the world, even those geographically far away or those to whom it may normally be very difficult to get in talks to (Pääkkönen 2013).

Most crowdfunding platforms have added social media tools to their platforms in order for the entrepreneurs to easily get the word about their campaigns out on social media and to get referral traffic to their websites. Furthermore, social media can even be seen as a major traffic driver when it comes to the crowdfunding campaign. Social media tools also usually provide lots of visits from unique users and, therefore, potential funders who can easily help the campaign to become viral by sharing it to their networks. (Prive 2012a; Cottle 2013.)

According to Pääkkönen (2013), important social media channels to share a crowdfunding campaign include Facebook, Twitter, LinkedIn, YouTube and blogs. She underlines that offline marketing is simply not enough when it comes to promoting a crowdfunding project as the company needs to be present online as well connecting and linking people to the crowdfunding campaign in order to drive traffic to the campaign page. Incorporating social media to a crowdfunding campaign also reinforces the social proof phenomenon - a psychological phenomenon which simplistically refers to “the positive influence created when someone finds out that others are doing something” (Lee 2011). People have a natural desire to feel like they are part of something bigger, and it works as a good boost to see other people joining the crowdfunding campaign first. Showing people that the campaign has already other supporters is a way to show there are others that believe in the project. (Young Entrepreneur Council 2013.)

3.3.1 Social networking services

Kotler & Armstrong (2010, 168, 537) define online social networks as online social communities, such as blogs and social networking sites, where people socialize and exchange information and opinions. More and more companies are starting to utilize social networking and engage in online communities, through which they aim to interact with their customers and become part of their conversations. Most major brands have also set up their own pages and profiles on popular social networking sites such as Facebook, Twitter and MySpace.

Examples of social media pages of two very different types of businesses are presented below (FIGURE 7 & FIGURE 8): Sony, a multinational conglomerate corporation, and Kanniston Leipomo, a Finnish bakery (Kanniston Leipomo 2014; Wikipedia 2014).



FIGURE 7. Sony's Facebook-page (Facebook 2014).



FIGURE 8. Kanniston Leipomo's Twitter account (Twitter 2014).

Social networks are essential to crowdfunding as well. According to Emerson (2013), 30% of the initial funding comes from the people the entrepreneur knows. However, once the funding and attraction to the project from friends and family has created traction, the unrelated consumers who believe in the project will join too (Prive 2012b). Pääkkönen (2013) says it is a good idea to start gathering the network a couple of months prior to the campaign so that some might even know

to expect the campaign, and the entrepreneur would already have a network to whom to launch the campaign to.

3.3.2 Goals

Before beginning with social media marketing activities, a company should have a social media marketing strategy integrated in their marketing plan (Gunelius 2011, 203). Gunelius (2011, 53) states that the main commitments a person needs to make before starting social media marketing activities are to set the time frame for social media marketing activities and to remember that it is a long-term process requiring patience. A good way to start is to find out where the target group is most active, and start by listening, observing and then joining the conversation in those channels. (Korpi 2010, 14-15; Gunelius 2011, 231.) Pääkkönen (2013) feels that it does not really matter whether the plan for a crowdfunding campaign is written down, or whether the campaign has specific marketing plan altogether, as long as the team behind the crowdfunding campaign is aware of it and is excited to participate. Good things to talk about, and make sure all are aware of, are goals, target groups, channels and means.

As all marketing, also social media marketing is aimed to finish the sale in the end (Korpi 2010, 77). The most common goals of social media marketing are relationship and brand building, publicity, promotions and market research (Gunelius 2011, 15-16). Basically, a set goal could be, for example, to increase visitors on the company website (Korpi 2010, 73-76, 99). The company should also aim to make the brand a part of consumers' conversations and their lives – they must earn the right to be part of the online experience by contributing to the community, listening and participating (Kotler & Armstrong 2010, 538-539; Korpi 2010, 48). The goals of social media marketing, as well as other marketing, should be informed to all involved so that everyone is aware of them and knows what actions to take (Korpi 2010, 76).

Robson (2013) presents that the sceptical attitude towards social media marketing might stem from the often quite poorly managed social media marketing activities in many companies. He emphasizes the importance of monitoring, measuring and continuously optimizing the social media marketing activities in order to see

where the sales are coming from. Monitoring is one of the most important aspects when it comes to setting goals, and in order to harness the full potential of social media for marketing purposes, the company needs to measure its impact. When it comes to monitoring social media marketing impacts, it mainly concerns following up analytics.

3.3.3 Content

What truly takes efforts in social media marketing is creating content. If aimed towards broad visibility, one should realize that it requires efforts: fresh content daily in a variety of forms shared widely, especially nowadays as brands are receiving more and more exposure and consumers have more and more information available than ever before. (Korpi 2010, 96; (Gunelius 2011, 15.) Gunelius (2011, 16-22), identifies the four pillars of social media marketing to be reading, creating, sharing and discussing, which also summarizes the main social media activities broadly.

A good place to start is to find articles relating to company's field, business, products, services, customers and competitors. However, these articles should usually be of general nature and always add value to the receivers; not merely to broadcast the greatness of the one sharing them. Also, finding and participating in relevant conversations is a good start as well as utilizing search engines in order to find out what people are talking about and what they are looking up information about. (Korpi 2010, 85; 93; Gunelius 2011, 16-22.)

The advantage achieved through social media increases the more the company participates in the conversations or creates new ones. According to Korpi (2010, 84, 95), the highest level of participation in social media is to create value, and that is often achieved by creating and sharing content that is actually needed and provides solutions for the target group, therefore, adding value to them. Social media users will notice good content and share it with others, which, ultimately, can increase the traffic on the company website. Sharing content as a method to indirectly market a business is a unique aspect of social media marketing; one can share videos, articles, presentations or pictures in order to get the word out to a wider audience, and after engaging people with good content they are more likely

to share their thoughts and opinions as well. Responding and interacting with people shows appreciation, and that the company wants to build a relationship with them. The company can simply try and encourage the audience to share opinions and experiences. Questions and comments should be welcomed, and possibly even a competition or such can be launched in order to draw attention. (Korpi 2010, 64, 84, 95; Gunelius 2011, 15-22.)

What can be perceived as good content varies, but usually it is personable and written in a way the company normally communicates with their target audience (Gunelius 2011, 19). For example, if there is a personal reason or a life event behind a crowdfunding project, sharing it will make the audience relate to the person more and engages the audience as well (Young Entrepreneur Council 2013). Content must also be transparent so that audience will perceive it as honest and trustworthy. Humor in moderate doses is often very effective way to approach the audience, but only if it comes naturally and is appropriate. (Korpi 2010, 95; Gunelius 2011, 19.)

Frequency in communication is vital. Frequent updates work as reminders about the ongoing crowdfunding campaign, and help people to relate to the entrepreneur behind it. Posting a lot of updates also gives people material to share to their networks. For example, when it comes to Pebble Smartwatch, the most funded Kickstarter project thus far, there have been noticeable spikes in funding after each major update (Crowdfunding Dojo 2012b). Levy (2014) recommends trying to post updates during different times throughout the day. His focus is on Facebook, but this can most likely be adapted to other similar social media channels as well, and especially in terms of a worldwide audience. Levy states, however, that the results will vary depending on the kind of users a brand attracts. In addition, Pääkkönen (2013) recommends starting the crowdfunding campaign big. In the best case scenario, the company has an opinion leader or a bigger investor onboard from the very beginning, because it adds interest and attracts others as well. This, also, refers to buzz marketing, where the aim is to involve opinion leaders in order to have them spread the word about a product or a service to their communities (Kotler & Armstrong 2010, 437).

Many crowdfunding entrepreneurs might wonder where to cross the line in terms of keeping the campaign personal and exciting yet at the same time appealing for potential investors. Pääkkönen (2013) says this is a challenge especially with equity crowdfunding, as the entrepreneurs need to appeal both to the regular audience and the business angels. One must be able to share the campaign in a way that it comes across as interesting, appeals to emotions and values, and has good storytelling-qualities in it, but at the same time it should include heavy, hard facts that way being closer to a traditional investor pitch. “Keeping it simple” and to the point often works in crowdfunding campaigning as well. However, the entrepreneur must share enough information in order to create credibility and to appeal to the potential investors and, therefore, find a balance between what relevant information is and what is not. (Young Entrepreneur Council 2013.) With presales crowdfunding, however, the entrepreneur must be able to convincingly and appealingly paint a picture of a product that may not even exist yet in order to get people to order and pay for it in advance and, therefore, know the art of pricing as well (Pääkkönen 2013).

Pääkkönen (2013) emphasizes the importance of creating a content plan for the crowdfunding campaign in order to have something new and interesting to share at all times - preferably something that people would be likely to share forward to their networks. Repetition in marketing works, but if the entrepreneur has nothing new to say it might be a good idea to wait for the next day in order to have a fresh take on the subject. The bottom line is that all communication concerning the crowdfunding project must convey the true passion and commitment of the team behind it. If the entrepreneur is not excited about the campaign, nobody else will be either (iCrowd 2012). Furthermore, presenting the team in the crowdfunding pitch is very important in terms of investor interest, which especially applies to equity crowdfunding. According to Wienbar (2013), the team is the most important aspect an investor considers when it comes to early stage companies.

The fact is that people buy from people who they like and trust, and therefore too much “selling” can also turn people away (iCrowd 2012). According to Gunelius (2011, 105), there is an 80-20 rule when it comes to relationship building through social media: at least 80% of the efforts should be non-promotional and only up to

20 % self-promotional. The interaction with the potential investors should be conducted as conversation in order to engage people and to get them involved, and without having one's heart actually in it, it will be hard work. (Young Entrepreneur Council 2013; Grauer 2014.)

3.3.4 Challenges and pitfalls

All companies must find their own way of carrying out social media marketing activities, as there is no straight-forward guideline to follow. The landscape of marketing is continuously evolving, and social media marketing as a new media is only beginning to take its form. (Gunelius 2011, 16, 23.) Large and small companies are quickly integrating online marketing into their marketing strategies, but for most companies online marketing or social media marketing will remain as merely one important approach to the marketplace functioning alongside others. (Kotler & Armstrong 2010, 540-541; Gunelius 2011, 201.)

The results of social media marketing activities are often hard to measure, which might make it challenging to successfully exist in online social networks and, therefore, most companies are still experimenting on how to use them effectively (Kotler & Armstrong 2010, 538-539). Also, as the popularity and use of social media keeps on increasing, the general focus and attention to it grows as well. Therefore it should be remembered that online conversations live for a long time and can spread very wide very fast, and may be hard or even impossible to take back after being published. (Gunelius 2011, 216; Juslén 2013.)

Marketers should keep in mind that consumers do not want to be disturbed by advertising. However, advertising is a major factor making social media services possible, as they are very attractive for marketers because consumers use so much time on those websites. (Michelsson & Raulas 2008, 70; Kotler & Armstrong 2010, 169.) Over promoting or spamming is naturally not a good idea neither on social media or anywhere else (Gunelius 2011, 215-217). Some companies may also experience difficulties with the present deeper consumer approach, as for some companies marketing before might have been mainly about telling consumers about the products and services, whereas the focus should now be

moved towards listening and actually serving the consumer. (Merisavo, Vesanen, Raulas & Virtanen 2006, 40-41.)

The digital age has provided companies with new ways to learn about their customers, and a possibility to create more individually tailored products and services for them. They have access to data which helps them to understand their customers and their preferences. However, this does not necessary work both ways as companies can no longer expect the customers to seek them out, and neither can they control the conversations about their brand. (Kotler & Armstrong 2010, 49.) Receiving unflattering comments and publicity is a general fear concerning social media. However, receiving unpleasant feedback is an inevitable fact, which should not be a barrier to use social media for marketing. The important thing is to respond with constructive spirit, and show the audience that company is also open to criticism and can handle it. The key is not how many outlets the company gives for the consumers to make inquiries and give feedback, but how the company reacts to the feedback given. (Merisavo, Vesanen, Raulas & Virtanen 2006, 41; Korpi 2010, 109-110.). After all, brands are built by consumers and not companies. Therefore, letting people guide the conversation their own way is essential (Gunelius 2011, 164.)

4 CROWDFUNDING IS TAKING SHAPE

This chapter uncovers the results obtained through the interviews, and explores the topic of marketing a crowdfunding campaign. It reveals what four (4) entrepreneurs, who have conducted a crowdfunding campaign via The Crowdfunding Platform X, had to say about issues such as: how much time and effort does a crowdfunding campaigning take, what channels they have used to market their campaigns, what sort of content they have shared about their campaigns, and what sort of recommendations they would give to others considering crowdfunding especially in terms of marketing. As the types of crowdfunding differ, it should be noted that all entrepreneurs interviewed for this study have conducted an equity crowdfunding campaign.

4.1 Execution of the study

This study was carried out as qualitative research. Qualitative research is used to understand and uncover opinions, reasons and motivations. It aims to dive deeper into the problem and provide insights. The data for the empirical section was obtained through individual interviews, which is a common method to collect data in qualitative research. (Wyse 2011.) The interview process is presented in more detail in chapter 4.1.1.

4.1.1 The interviews

The data for the empirical section of this thesis was obtained via semi-structured theme interviews. Characteristic to a semi-structured interview is that the interview questions are determined in advanced, which was the case for this study as well. (Eskola & Suoranta 2005, 87.) The questions were same for each of the interviewees and they were able to answer to them in their own words. Therefore, even though the interview questions worked as a base and guideline for the interview sessions, enough room was reserved for open discussion. The results of these interviews are not presented in the exact same order as the interview questions to the interviewees in order to achieve a coherent and logical ensemble of the results.

Each interviewee was approached via e-mail, which shortly explained the main idea and objectives of the thesis and an inquiry whether they could be interviewed for it. Out of altogether six e-mails sent, five received a response, and, eventually, four of these e-mails lead to an interview. The duration of each interview was approximately 30 minutes. The times and dates of the interviews are displayed in detail in the table below (TABLE 2). Two of the interviews took place at the end of the year 2013, and the other two in the beginning of the year 2014. All interview sessions were conducted via Skype due to geographical reasons, and recorded by permission given by the interviewees. Afterwards, each interview was transcribed into a Word-document. Based on these transcriptions, some clarifying quotations have been included in this chapter. The interview questions have been included at the end of this study (APPENDIX 1).

TABLE 2. Times and dates of the interviews.

The interviewee	Date	Duration
The Interviewee A	12/2013	30 min 10 sec
The Interviewee B	11/2013	21 min 30 sec
The Interviewee C	1/2014	24 min 52 sec
The Interviewee D	1/2014	24 min 45 sec

4.1.2 The themes of the interviews

The interview questions were divided under themes, which were determined in advance. The themes for this study were: general, marketing plan and goals, channels (interaction and communication), content, and aftermath and tips. The themes were fairly broad so that they would not dominate the discussion too much, but would simply compile similar questions together and cover all the

issues discussed. The themes were also named in a way they would be most informative for the interviewees so that preparing for the interviews would be easy and effortless.

Under the theme “general” were gathered questions that focused on fairly general issues concerning the campaign. They strived to find out some basic information about the premises of each campaign, and what were the interviewees hoping to achieve through their campaigns. The questions aimed to explore, for example, the following things:

- How much time did the interviewees use for marketing activities during the campaigns?
- How many team members did they have to run the campaign?
- What were their main goals and expectations in terms of the campaign?

The second theme “marketing plan and goals” focused more specifically on marketing the campaign and aimed to find out how the interviewees were prepared for the marketing activities and whether they had a marketing plan for the campaign or not. The questions aimed to explore, for example, the following things:

- Did the interviewees have a marketing plan for their crowdfunding campaigns?
- If not, did they feel it would have been needed?
- What were their marketing goals in terms of the campaign?

The third theme “channels (interaction and communication)” aimed to explore which channels the interviewees used to market their crowdfunding campaigns. It focused on finding out what were the channels and whether they turned out to be useful or not. Important was also to find out how the interviewees communicated with the potential investors during the campaign. The questions aimed to explore, for example, the following things:

- What were the channels the interviewees mainly used for marketing the crowdfunding campaign? What turned out to be the most useful ones? Which channels did not work?

- Were those channels the same as they had been using before to market their companies and/or products?
- Were the interviewees able to communicate with the potential investors enough during the campaign? Through which channels?

The fourth theme “content” aimed to find out what sort of content the interviewees were sharing and/or creating during their campaigns and whether the content was strongly aimed to appeal to the potential investors. The questions aimed to explore, for example, the following things:

- What kind of content were the interviewees sharing during their campaigns?
- Were they specifically trying to appeal to the potential investors with the content and did it differ a lot from what they normally would share?

The fifth and final theme was named as “aftermath and tips”. It strived to find out the additional recommendations the interviewees would give to others considering crowdfunding. It also aimed to explore the life after the campaign and how do the interviewees keep in touch with their investors after the campaign. The questions aimed to explore, for example, the following things:

- What kind of tips or recommendations would the interviewees give to other future crowdfunding entrepreneurs, especially about marketing?
- Have they been able to utilize the crowd’s resources?
- How do they keep in touch with the crowd?

4.1.3 The interviewees

The characteristics of qualitative research include examinees' point of view and discretionary sampling, which describe this study as well (Eskola & Suoranta 2005, 15). Four (4) entrepreneurs were interviewed for this study. They were chosen from The Crowdfunding Platform X's closed crowdfunding campaigns, as this study has been conducted as a commission for The Crowdfunding Platform X and aims to provide them with information about their customers' marketing activities and experiences. It is also meant to be used as a guidebook for future

entrepreneurs on The Crowdfunding Platform X, which is why interviewing the entrepreneurs on the same platform will provide the most relevant and feasible information.

The Crowdfunding Platform X has not been operating for long, which limited the potential interviewees to a fairly small number. Qualified were those entrepreneurs who had already closed their crowdfunding campaigns before the start of the interview process, and had been successful in their campaigns. These requirements were set in order to ensure that the entrepreneurs would have enough experience and knowledge on the subject, and would therefore be able to provide relevant information on the subject of crowdfunding campaign marketing. A crowdfunding professional's recommendations concerning the interviewees were taken into consideration before approaching them as well.

When taking into consideration the size and novelty of the business of crowdfunding, and the young age of The Crowdfunding Platform X, an amount of four interviewees was sufficient for this study. In terms of qualitative research, the aim is not to make statistical generalizations but to describe an event, understand certain activity, or to provide theoretically meaningful interpretation of a certain phenomenon. The amount and size of data does not have immediate effect or bearing on the success of a research. (Eskola & Suoranta 2005, 61-62.)

The interviewed entrepreneurs remain anonymous in this study. Hereafter they will be referred to as “The Interviewee A”, “The Interviewee B”, “The Interviewee C” and “The Interviewee D”. All of them are founders and/or in top positions of the companies that were raising funds through The Crowdfunding Platform X. For the purposes of this specific study, further background information of the interviewees, area of business, number of eventual investors in the company, the amount of money raised through crowdfunding or any other information of the interviewees is not revealed, as this study aims to explore mainly the marketing activities of the entrepreneurs on The Crowdfunding Platform X. However, it should be noted, that all interviewed entrepreneurs have conducted an equity crowdfunding campaign.

In terms of their crowdfunding campaigns, all interviewees were looking for quite similar things in addition to the money. The goals they set for their crowdfunding campaigns included the following:

- The Interviewee A: The crowdfunding campaign was a tool to expand to international markets. The amount of money they were looking to raise was great in terms of crowdfunding, and the campaign was clearly aimed to receive international attention.
- The Interviewee B: The goal was to find ambassadors and people to spread the word about the company and to use its service. They also wanted PR and press coverage, and to create buzz and attention around the company.
- The Interviewee C: The company needed to raise capital to do some technical development on the [company's] site in order to go international. In terms of the crowd they had no idea what to expect.
- The Interviewee D: The goal was to create a new kind of organization with ambassadors. Therefore, the people that came in were more important than the money. The combination of cash with competence and network, stronger voice and communication power was appealing, and they hoped they could be empowered by the new organization created with the new investors.

4.2 The results of the study

This is the beginning of the actual research section of this study. The results of the study are not presented in theme-by-theme order. Instead, the results have been compiled into chapters according to the issues they mainly discuss. This way the reader can easily look into each topic knowing the more specific issues it will cover.

4.2.1 Time used for campaigning and the workload

The Interviewee A and The Interviewee C say they used approximately five hours on marketing activities per week, as The Interviewee B estimates the time between one and two hours with a team of eight people. The Interviewee D,

however, estimates the time up to a stunning 20 hours per week. The time use has also been illustrated in a figure below (FIGURE 9).

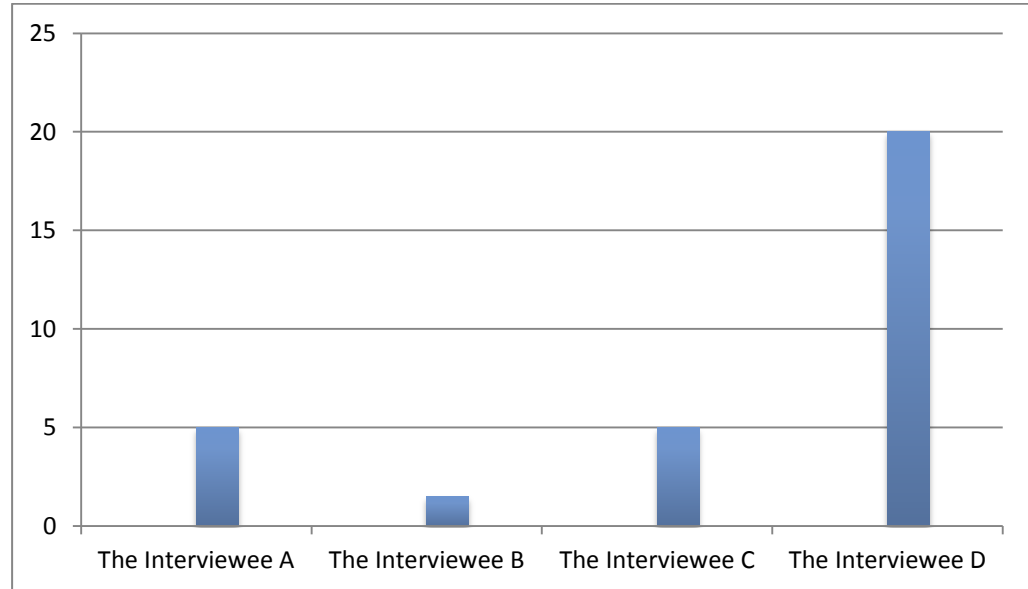


FIGURE 9. Hours used for marketing activities during the crowdfunding campaign per week.

The Interviewee A also points out that the bigger task was to gather all the material and information, such as the presentation and the video, for the campaign required by the platform in order to get the campaign started in the first place. The Interviewee C also tells that the reason there seemed to be quite a lot of work was because marketing a crowdfunding campaign was so much different than other marketing activities they had done before, as it required specific knowhow and awareness of legal matters as well, and was therefore more demanding.

When asked whether the entrepreneurs found that the amount of work that the crowdfunding campaign eventually required was surprising none of the interviewees felt it was especially so. The Interviewee B says their team was not quite sure what to expect but knew that campaigning would require lots of work and use of their own networks in order to get the wanted attention for the campaign. Three of the entrepreneurs had more than one person working with the

campaign, which of course brought new contacts to which the campaign could eventually be shared to, and made it possible to use more hours for the campaign activities as the workload was divided for more people. The Interviewee D was the only one saying that they felt they were prepared for a lot of work throughout the campaign.

--this[marketing a crowdfunding campaign] is something totally different...so it was a different kind of marketing, that I was not quite sure of how to do and how hard to push and so on... so it was a bit more difficult... (The Interviewee C 2014).

4.2.2 Marketing plan

None of the interviewees had a specific, tailor-made marketing plan for the crowdfunding campaign. The Interviewee D tells that the marketing plan took shape during the campaign and was mostly a week-by-week plan of activities. The Interviewee B tells they were mainly focusing on producing a very good and thorough presentation from the start which would present the project and the team in the best possible way. Adding, however, that if starting a new campaign, they would create a marketing plan for it in order to know what should be done and when, and in order to create a good structure for the campaign. They would also fine-tune the used channels after the first experience. The Interviewee A and the team were thinking of channels and cost-effective ways to be on display during the campaign, but did not have a specific marketing plan either and did not feel it would have been necessary anyway, as crowdfunding campaigns can be very dynamic. All entrepreneurs felt they had enough experience and knowledge about marketing before starting with crowdfunding, even though, for example, The Interviewee D had not been working with marketing as intensively before as during the crowdfunding campaign.

-- so it was more learning-by-doing and experimenting... what can be successful... (The Interviewee D 2014).

4.2.3 Research on crowdfunding before the campaign

All interviewed entrepreneurs had done some research on crowdfunding before launching their own campaigns, and for example The Interviewee A had browsed through material about crowdfunding. The Interviewee B says the decision to start with crowdfunding and specifically with The Crowdfunding Platform X came about quite quickly, but they had heard about crowdfunding before. They were also somewhat familiar with Kickstarter and some of the successful cases on The Crowdfunding Platform X, which can be browsed on their website. Looking through the successful crowdfunding campaigns helped, among other things, to understand what sort of cases, companies and/or products have the best possibilities to become a crowdfunding success, say The Interviewees B and D. The Interviewee B, for example, feels that companies/products that have a very broad target group and that appeal to people are the ones with biggest potential to succeed. The Interviewee D knew quite a lot about crowdfunding before starting the campaign, and had followed the concept for a while and seen quite a lot of campaigns. The Interviewee D had been interested by the concept and trying to follow what kind of cases could be successful and how to do crowdfunding.

4.2.4 Using social media during the campaign

Three of the interviewees were primarily using social media to market their crowdfunding campaigns and, furthermore, for The Interviewee C it was basically the only channel. Online marketing and further social media seemed to be the easiest way to market the campaign and to create interest very quickly, feels, for example, The Interviewees A and D. The Interviewee B, furthermore, feels that social media in general is really important and a good channel for crowdfunding campaigns. It works well for crowdfunding campaigns and the main thing is to get it working. On the other hand, The Interviewee D felt that even though they used social media to engage people, the event marketing they did was just as important. For The Interviewee D social media was a good way to keep people updated and aware of the campaign, but for them it was not the main channel.

Social media is a good channel... it works well plus I think it is

really important... I mean the main thing to get it working (The Interviewee B 2013).

-- social media and...PR... not anything else (The Interviewee C 2014).

--social media was a way to engage-- (The Interviewee D 2014).

All entrepreneurs were using mainly the same channels to market the crowdfunding campaign as they had been using before to market their products and/or companies, and were therefore familiar with these channels in advance. Apart from the familiarity, another reason to choose a specific channel was because the entrepreneurs' existing networks were there, which is what for example The Interviewee C points out. Facebook was the main social media service for all, and for example The Interviewee B feels it was the best channel to use. Most of the interviewees also used Twitter to some extent but not very actively. The Interviewee A says they were using Twitter during the crowdfunding campaign more than previously in marketing, but for The Interviewee A it was still quite a new and unfamiliar channel. The Interviewee A also tried to utilize LinkedIn by adding a link to the crowdfunding campaign on a LinkedIn –profile, but felt that it would require some orientation in order to be used for marketing purpose in its full potential. In terms of Facebook marketing, at least one of the entrepreneurs says they were utilizing chargeable marketing during the campaign.

All entrepreneurs say that if they would start a new crowdfunding campaign, they would try some new channels or focus more on certain ones. For example, The Interviewee B feels they could have been utilizing Twitter even more. The Interviewee A reckons that Twitter has a bit more professional feeling to it than Facebook, which makes it quite appealing. Also The Interviewee D says they would utilize social media and online media more if starting a new crowdfunding campaign, as this time they were more focused on the events they organized.

4.2.5 E-mail use and the importance of networks

The Interviewee C was using e-mail to market the crowdfunding campaign. The Interviewee A further recommends using a personified e-mail signature at the end of each e-mail sent out. During the campaign The Interviewee A also printed a mentioning about the campaign on ongoing bills and receipts of the company's online store. This is a very powerful tool as the message goes straight to those already using the products and services of the company and, therefore, those who most likely might want to support and help the business.

Also The Interviewee B was strongly utilizing the existing networks when campaigning, as their networks already comprised of business angles and people who were interested in what their company was doing. They also had a big team working with the campaign, and, therefore, big networks as well. The Interviewee B estimates, that for their campaign around half of the money came from their own networks – not necessary from people they knew but from those who were on their networks. The Interviewee B, therefore, emphasizes the importance of being ready to work hard with one's own networks, because that might already go a long way in making the project into a successful one. The Interviewee B tells that they met basically all those people that finally invested in person - only one or two joining the crowd after press coverage for example. The Interviewee B, therefore, feels their campaign was more real, physical engagement than social media engagement. Also The Interviewee C knew a few of the people who eventually invested in the campaign. However, The Interviewee C finds it hard to estimate from which networks those investors came from, but suspects they came from the crowdfunding platform's networks as a result of their work. The Interviewee A tells sharing campaign updates to friends often as reminders.

4.2.6 Video

There is no need to hire a professional to create the video for the crowdfunding campaign. For example, The Interviewee A used simply PowerPoint to create the video. The Interviewee A had help from a professional with editing, but the video is still simple and the kind that appeals to the viewer. In The Interviewee A's case the video was also the best way to reach the deep sentiments of the viewer, as the

campaign was focused on a very humane subject. The Interviewee A reckons that having a video included in a crowdfunding presentation is very important, and recommends doing rather a short video than a long one in order to grab and keep the viewer's attention. The Interviewee A encourages not to let the video making process to stumble on the feeling that one could not create an amazing video – a simple yet passionate video is enough. For example, The Interviewee C tells doing a video was something new to do, but felt it was fun.

I'd say that today it is very important that you have a video... rather short than long-- (The Interviewee A 2013).

The video might be focused specifically for the crowdfunding campaign, as The Interviewee C's video was, or it may be of more general nature and can, therefore, be used for other purposes after the campaign as well. The Interviewee A produced the video specifically for the crowdfunding campaign, but is still using it after the campaign. The video is viewable on the company website as it is very comprehensive yet intriguing and, therefore, a good tool in marketing.

4.2.7 Other ways to promote a crowdfunding campaign

As the products aiming to receive funding through crowdfunding, also the ways to market these projects might be very creative. For example, The Interviewee A had postcards made with a "link" to the campaign. The Interviewee A feels it was important to make something that people could actually use, as oppose to, for example, sharing flyers that people might just shove into their bags or even straight to a bin, without ever actually reading them. The Interviewee A's team also attached stickers to every sales item they sold at one of their retail shops, which also had a mentioning about the campaign. The Interviewee A feels this enabled people to at least know about the campaign and to find out more if desired.

The Interviewee C was blogging about the campaign, and also The Interviewee D tells they used blogging to share the news about the campaign actively. If starting with a new crowdfunding campaign, The Interviewee D would like to use the help

of some bloggers or journalists in order to spread the word about the campaign even more. The Interviewee D launched the campaign through events, and they also organized two events themselves, one of them being strongly crowdfunding themed. The Interviewee D was, therefore, using events in a major part to market the crowdfunding campaign and as a way to establish the company in different communities. For them the events were the main channel during the crowdfunding campaign, which differs from the other cases in this study. The Interviewee A was also pitching the crowdfunding campaign in events and held one own event as well at the end of the campaign. The Interviewee B says they would try and organize events if starting a new crowdfunding campaign, which was something they did not do this time.

-- so these [events] are kind of activities to establish yourself in different communities... and... both your own networks and external networks that are kind of engaged in your activities (The Interviewee D 2014).

4.2.8 Frequency and timing of marketing activities during the campaign

The Interviewee A feels that marketing the campaign is in many ways a question of how much the entrepreneur wants to bombard people with the subject, as there are a lot of outlets and easy ways to do so. Influential was the fact that as a consumer The Interviewee A does not like to be bombarded with advertisement, and, therefore, did not want to do that to others during their campaign either. The Interviewee A points out, however, that if the entrepreneur has a good product and a good thing going on, they must not be afraid to remind people about the campaign and not to be too fawn either. The Interviewee A also says that while studying the subject of crowdfunding before their own campaign, they got the feeling, that the campaign should be shared everywhere and often. The Interviewee B tells that partly due to legal regulations concerning the marketing of an investment campaign, they were not doing all that much marketing during the campaign but instead focused a lot more on marketing and advertising after the campaign.

-- dare to often remind people about it[the campaign], you don't

have to fawn too much...like, I have a good thing going on here and a good product and I don't shy away from boosting it everywhere (The Interviewee A 2013).

The Interviewee B tells they were focusing the attention to market the campaign in the beginning, and focused on having lots of people onboard from the start, which would make the campaign seem more interesting to others and may help bringing in new interested people. The Interviewee C also recommends starting big with the campaign, and being active in the beginning. The Interviewee C feels it is best to try and create urgency, and try to do the campaign as quickly as possible – being active and reminding people. The Interviewee C tells that at first they were posting updates once a week, but towards the end every day. The Interviewee A, on the other hand, made lots of efforts into finishing the campaign properly by investing a bit more in marketing and by organizing an event, mainly for the new shareholders, and at the same time reminding people about the limited time left to get onboard.

4.2.9 Content shared during the crowdfunding campaign

A common thing to share about the crowdfunding campaign is the progress of the project so far, and this was also what The Interviewee A shared during the campaign. For example, updates such as: “70% of goal reached so far”, are very common. These kind of updates can be posted at any time during the campaign, and, for example, The Interviewee C posted a few “two more days to go” –type of messages at the very end of the campaign. The most popular thing to share, however, was the press coverage for the company or any company activities and milestones. This was the case for The Interviewees A and C for example. Most interviewees tell they got some press coverage during their campaigns - some more than others - and they were sharing information about that to their networks.

I guess that's a way to look at the social media is to... to keep people updated... that we are doing this... that things are happening...building credibility in a way...(The Interviewee D 2014).

The Interviewee D also shared a lot of information concerning the events they organized, such as event notifications and pictures from former events. The Interviewee D also shared information about the team behind the campaign, and feels that is a good way to make the project personal and to show there are more people behind it as “people want to invest in people”. The Interviewee B tells they were strongly focusing on sharing the video forward, as they wanted people to see their vision and felt the video was the best way to convey it.

--introducing the team and the...advisors and such.. like a way to show that more people was behind it and also to make it personal...People want to invest in people. (The Interviewee D 2014).

--for the crowdfunding campaign I wanted to talk more about the international interests that we had and the opportunities ahead.. More from a business perspective. (The Interviewee C 2014).

The Interviewee D points out that it is important to get the message through and build a relationship with the crowd and the potential investors. The Interviewee D feels that the entrepreneur’s engagement and passion is more visible when actually meeting in person in events or meetings, which does not come across as well through, for example, a video. The campaign is more personal in such a setting, and The Interviewee D feels it was part of the secret behind the success of their campaign.

--I think that was a part of the success that I actually.. I bothered to go out there and meet a lot of people during the campaign (The Interviewee D 2014).

4.2.10 Challenges during the campaign and what they learned

The interviewees remind that the campaign is not over until it is over. Eventhough many people might show interest to get onboard at first, not all commit to the investment until they have actually signed the deal. This is something that came as

a small surprise and was, naturally, somewhat unpleasant for the entrepreneurs, which is what The Interviewees A and C point out. The Interviewee B tells they were trying to look up all the people who were interested in investing and then tried to connect with them. The Interviewee A, however, feels that it might not always be possible to find information about these people as it would require lots of time and “detective work”.

The Interviewee B feels it was too early for them to share a full bodied business plan or proper budget to the investors, which is why they focused more on other things such as their presentation. The Interviewee C was originally going for a different type of crowdfunding campaign, but realized that the one they eventually chose was the right concept for them.

--and I know if I did a crowdfunding campaign again I would do it very differently (The Interviewee C 2014).

The Interviewees B and D remind that it must be kept in mind that legislation sets certain rules on how an investment campaign can be marketed. The Interviewee C also tells that their plans about marketing changed dramatically a day before launching the campaign after learning that due to legal reasons they cannot do all the things they had planned to. The fact that crowdfunding and the regulations concerning it were new for all the people involved made it challenging. However, The Interviewee C thinks it was part of the fun as well when doing something completely new. The Interviewee A recommends having all the necessary paperwork for the final transaction ready before starting the campaign. The Interviewee A says using a lawyer is needed, and also The Interviewee C had legal help. The Interviewee A also reminds that the work that comes after the campaign should not be underestimated either - there are lots of paperwork to be taken care of until the project is actually finished.

Most of the interviewees feel, however, that they received fairly lot of help and support from the crowdfunding platform, especially those who were running their campaigns among the first ones ever on the platform. For example The Interviewee A says they were given an opportunity to pitch their campaign in one of The Crowdfunding Platform X’s crowdfunding-themed events.

Thanks to the crowdfunding campaign, The Interviewee A learned something new about social media. The Interviewee A understood the importance of sharing and posting updates, and thinks that people easily remember the things they often see in social media even though they would not comment on it or follow it actively – the fact that they see it is usually enough to at least make them remember the name. The Interviewee D feels that running a crowdfunding campaign definitely strengthened The Interviewee D's abilities and skills in terms of marketing and communications and also working with the press.

4.2.11 Investor focus

For the equity campaign, The Interviewee A chose a more personal and humane approach. The project included big emotions and sentiments, but still had all the necessary calculations available for interested investors. The Interviewee A points out that their campaign was the kind that people can easily relate to. However, the traditional investors may see it as a very unconventional target to invest in. The Interviewee A feels that the focus was more on having lots of people to join rather than only one with a lot of money. Also The Interviewee B tells they were aiming to shake up the investors - both the smaller and the bigger ones.

The decision about the target group also affects on the channels and networks chosen to market the campaign, as, for example, The Interviewee C points out. The Interviewee C's campaign was strongly focused for the investors, and it differed a lot from the company's regular, often product-based, marketing content. For the crowdfunding campaign The Interviewee C wanted to have more strict business perspective and, therefore, the target group was different as well. The Interviewee C did not market the crowdfunding campaign to the end-customers but to other networks within, for example, entrepreneurship. The focus was more on the company's international interests and future opportunities. The Interviewee D feels that the events they organized were focused more on wider interests than merely for the investors. Instead, they aimed to engage the community around the company, which, on the other hand, is something The Interviewee D thinks investors might appreciate. The Interviewee D feels a lot of value comes from having a community event, when one can engage and promote the company and

its product/service and that way spread the word about it.

4.2.12 Communicating with the potential investors during and after the campaign and how they are utilizing the crowd

All entrepreneurs were using mainly the crowdfunding platform to communicate and to interact with the potential investors. The Interviewee A feels that it was the most direct way to communicate specifically about the project to those who actually were interested in it, and enabled answering to many people at the same time and to post updates. The Interviewee A feels the platform enabled sufficient possibilities to interact with the potential investors. The Interviewee C e-mailed or phoned with those potential investors that they knew, and with the ones they did not know they communicated via the platform. The Interviewee B also adds that even while communicating with the potential investors mainly through the crowdfunding platform, they were writing emails with a couple of bigger investors.

E-mail is the channel through which all the entrepreneurs have kept in touch with the investors after the crowdfunding campaign. They send out newsletters and other messages usually once a month. One of the interviewees also established a LinkedIn -group for the new investors. Another one also thought about setting up a Facebook group for them, but the problem is that not all of the investors are on Facebook or on other social medias either, which was pointed out by other entrepreneurs as well. This is why e-mail became the most convenient channel for communication after the campaign.

--it's via e-mail...I send them a small newsletter about every three months with a short update on sales and other highlights (The Interviewee C 2014).

All of the entrepreneurs found a couple of investors who have been very active and helping the company in their goals after the crowdfunding campaign - mostly concerning internationalization and establishing the company to other markets. This is the case for at least to The Interviewees A and B. The Interviewee B also feels that there are a lot of “quiet” people among the investors who basically gave

the money for the campaign and then moved on. The Interviewee B, however, is very happy with the campaign as they met their goal and found ambassadors that they were looking for, and were surprised by how much help they have received from some of the investors in terms of establishing their service to other countries, which they were not at all prepared before the campaign. The Interviewee D tells that after the actual campaign they are trying to know the crowd much better and to learn how they can work together with them. The Interviewee D has, for example, received good tips and tricks from a PR professional among the investors.

--at least one of them[among the crowd] is working within an area that's very much of interest for me and so he is helping out with that kind of questions... so I definitely got a lot more than just money (The Interviewee C 2014).

4.2.13 Other recommendations to future crowdfunding entrepreneurs

As for a final recommendation for future crowdfunding entrepreneurs, The Interviewee D points out that it is important to explain to people why should they care: why is the project important to the investors and to the world. The Interviewee D feels this is truly a challenge for many. The Interviewee D recommends taking the time to network and engage to one's own community, but also to reach out to other communities.

I think one key part is...okay...explain to me why should I give a f. Or...why should your thing matter to me and the world... why is it important...and that has to be on a bigger level than there is a cool new feature -- (The Interviewee D 2014.)*

The Interviewee B says it is important to understand the importance of the entrepreneurs' own networks, as at least half of the amount one is looking to raise through crowdfunding should be created via the entrepreneur's own networks. Therefore, the person considering crowdfunding should be able to create the amount from their own networks.

-- take to time to engage with your own network...with your own community...but also look beyond that and...reach out to other communities (The Interviewee D 2014).

The Interviewee C emphasizes the importance of starting big with the campaign and making sure to be active in the beginning. It is important to remind people to sign their interest to the campaign actively, The Interviewee C adds.

--most of all I think it's just... to start up big-- (The Interviewee C 2014).

4.3 Reliability and validity of the study

Reliability is the extent to which a measuring procedure yields the same result on repeated trials (Writing@CSU 2014a). In terms of this study, it is presumable that conducting a similar study again would provide relatively similar results, especially as the theoretical section and the empirical section support each other in this study. This may be partly due to the fact that the mechanisms of crowdfunding are fairly similar even if the platform, type of crowdfunding or other factors would change. However, the fact that the interviewed entrepreneurs did not remember everything about their campaigns also has a bearing on this study. This is mainly due to the fact that for some the crowdfunding campaign took place over a year before the interview, and, therefore, some of the answers are only estimations. Also, some interviewees felt difficult to pinpoint certain things or feelings or were not otherwise able to answer to all questions concerning their crowdfunding campaigns. In addition, some of them had no specific expectations in terms of the crowdfunding campaign, which is why it felt difficult for them to assess some of the things addressed during the interviews, especially afterwards.

The validity of the study refers to the degree to which a study accurately assesses the specific concept that the researcher is attempting to measure (Writing@CSU 2014b). In terms of this study, the interview questions have been created in a way

that they address the specific topic aimed to explore in this study, which is the crowdfunding campaign marketing. In addition, the interviewed entrepreneurs have been chosen based on their ability to provide relevant information on the subject.

5 THERE IS NO ONE RIGHT WAY TO MARKET A CROWDFUNDING CAMPAIGN

In chapter three of this study digital marketing and especially social media marketing were discussed. Out of the very broad landscape of digital marketing, only certain areas were focused on in this study based on their relevancy to crowdfunding campaign marketing. The results of the interviews, which were presented in chapter four, indicate that the crowdfunding entrepreneurs' experiences and views support these choices. Therefore, it can be stated that the theoretical section and the empirical section of this study support each other and can be viewed as a solid, connected entity.

The research problem presented in the very beginning of this study was of following kind:

- How should entrepreneurs market their crowdfunding campaigns? What are the most important aspects to take into consideration?

All in all, this thesis as a whole can be viewed as an answer to the research problem. The theoretical section provides information about digital marketing, and has been created with a specific crowdfunding perspective. The empirical section of this study uncovers how the interviewed entrepreneurs marketed their crowdfunding campaigns and, therefore, provides very relevant information and first-hand experiences of entrepreneurs on crowdfunding campaign marketing. This chapter, in addition, will provide the reader with some concluding aspects to the topic and further connect the theoretical section and the empirical section to each other while at the same time analyzing and summarizing the results of the interviews.

In terms of marketing plan, whether or not an entrepreneur creates one specifically for the crowdfunding campaign makes no remarkable difference, as long as the team has some sort of strategy and all involved are committed to the project. Channels, means, goals, time use and target groups are, for example, something to consider and discuss together in advance. None of the entrepreneurs in this study had a tailor-made marketing plan specifically for the crowdfunding campaign. Most interviewees did plan their marketing activities together with their teams at

least to some extent, which is more important than necessarily writing everything down. However, all except one interviewee would create a marketing plan if they would start a new crowdfunding campaign.

Social media provides entrepreneurs with a possibility to communicate, interact and to engage with potential customers in all new ways over the internet. Crowdfunding is all about involving people, building relationships and communities, and about the crowd working together for mutual goals, which makes social media a perfect tool. Through social media companies can create a loyal audience for their brand, which is especially important for startup companies that are possibly only starting to establish their operations. Thanks to social media, networks can grow wide and the word about a crowdfunding campaign can go viral, which is important in order to attract as many potential investors as possible.

Social media channels were the most popular ones during the crowdfunding campaign and all of the interviewees in this study were utilizing them. For three out of four interviewees it was the main channel. Further, out of all social media services Facebook was the most used one. This probably reflects the general trend at least in Finland, as Twitter is still not quite as familiar or used channel as Facebook is for many. In fact, it was surprising that even though there are numerous popular social media channels nowadays, all interviewees were concentrating mainly on Facebook marketing. This may reflect to the still fairly sparse utilization of social media potential in companies, which was discussed in chapter three of this study. In addition, all the channels used to market a crowdfunding campaign were mainly very cost-effective, such as social media and e-mail.

Relationship building is an important part of crowdfunding, which is why events may be a good idea in order to communicate and engage with the crowd. Outside of social media and other digital channels, many entrepreneurs valued events as a tool in marketing. In fact, for one of the interviewees events were the main marketing channel during the crowdfunding campaign. Another entrepreneur was using events in a minor part among the marketing activities, and the third one feels they might try to use events as well if starting a new campaign. Moreover,

most interviewees felt they would do a lot of things differently if starting a new crowdfunding campaign, which strongly testifies for the ongoing trial-and-error process that still is applied to crowdfunding for most parts. Interestingly, this often applies to social media marketing in many companies as well. Therefore, there is no wonder why the two complement each other as well and make such a dynamic pair when utilized right. All this goes to show that no established channels to market a crowdfunding campaign exist and, therefore, entrepreneurs can accustom and experiment more freely for best results just for them.

E-mail is a strong tool in marketing, and it is recommended to use e-mail to market a crowdfunding campaign as well. However, the entrepreneurs should already have a strong, established network before launching the campaign. A couple of the interviewees did utilize e-mail as part of their marketing activities. Furthermore, one of them was utilizing a personified e-mail signature as well, which is recommended as an additional tool in e-mail marketing. In terms of crowdfunding, a link to the campaign page can be included in the e-mail signature. People do not respect spam, which is why the established, existing network may again prove its power. When starting to spread the word about the campaign to them, they are more likely to welcome the messages about the campaign and share them forward. This, in turn, will usually attract even more people to join.

When it comes to networks, Emerson stated that 30 per cent of the initial funding comes from people the entrepreneur knows, whereas one of the interviewees estimates this number to be up to 50 per cent of the eventual amount, at least in terms of their campaign. Another interviewee also tells that they knew most of the people who eventually invested in their campaign, which also testifies for the advantage of existing networks when launching the campaign. Through successful marketing activities this support from the existing networks can be turned into a successful crowdfunding campaign. The reason the entrepreneurs chose certain channels was mainly the fact that their existing networks were already there, which indicates that the relation between a successful campaign and wide established networks was realized.

It is strongly recommended to use a video in a crowdfunding campaign presentation. It may appeal to the senses that the written word alone cannot, and convincingly convey the company's vision. The main things to remember are the facts that the video does not have to be anything too fancy or special, and it should be rather short than long. Simple yet interesting video works, and is always better than having no video at all. Furthermore, a video can be in a significant role in whether the campaign becomes a success or not. All entrepreneurs interviewed for this study had a video in their crowdfunding campaigns and its importance was emphasized. The video is also a good channel to present the team behind the campaign properly and in a personal way. This, in turn, is important as "people want to invest in people", and want to see who exactly is asking them for money.

It is recommended to focus the marketing activities in the beginning of the campaign, which is what three out of four entrepreneurs did. One, however, concentrated in the big finale. If the entrepreneur concentrates on the big start for the campaign, and gets lot of people to join from the beginning, it is more likely that others will follow. People have a natural desire to feel like they are a part of something bigger, and seeing other people to join the crowdfunding campaign may boost their desire to join too. This also proves that there are people who believe in the project, which may help others to make the decision to join too.

Creating good content takes efforts. Content should be fresh and it should be created and/or shared often and in various forms and channels. It is not only essential to create content but to participate in existing conversations as well. The content should create value for the receivers, provide them with solutions, and all in all be helpful to them. This is also the type of content that gets most likely shared forward. Sharing the story behind a crowdfunding campaign may be a good idea and can make it more personal and honest therefore creating trustworthiness. The bottom line is that the content should convey the true passion of the team behind the campaign, as otherwise nobody else will be passionate or even interested about it either.

Press coverage for the company was the main type of content that all entrepreneurs were sharing during their crowdfunding campaigns. Some got more visibility in media than others, but all did to some extent. One of the interviewees

tells they even noticed new investors joining in after the company had had visibility in media. In addition, the progress of the campaign was a common thing to post an update about, which may help reinforce the social proof effect when people see that others have joined as well. One of the interviewees also especially focused on presenting the team behind the campaign in the presentation, which is strongly recommended in order to make the campaign more personal and approachable. In fact, it might be the most important and significant thing for the investors when considering whether to invest or not. Despite the strong impact of digital channels when it comes to crowdfunding, entrepreneurs should also reach out to traditional media as well, which may also help them get more visibility.

A challenging aspect, especially with equity crowdfunding, is to appeal to the emotions and to the reasonable senses at the same time. Enough information should be shared in order to create credibility. It is important to find a balance, since both aspects, the emotional appeal and the cold, hard facts, need to be present. The aim is to get lots of people to join instead of only a few with lots of money, which, after all, is the whole idea behind crowdfunding. In fact, one of the interviewees especially emphasized wanting to create a new kind of organization with ambassadors through crowdfunding. The type of crowdfunding should be carefully considered, as not all concepts work for everybody. In addition, the legal matters and regulations must, naturally, be taken into consideration as they vary from country to country and may create challenges especially if not explored carefully in advance.

All entrepreneurs were using The Crowdfunding Platform X's own functions to communicate and to interact with the potential investors, and in some cases e-mail. Some also met quite a few of the potential investors in person. When keeping in touch with the eventual investors after the campaign, e-mail was the unanimous choice, especially due to the fact that not all of the investors are actively present in social media yet all of them have an e-mail account. The entrepreneurs aim to send newsletters to the investors approximately once a month.

All of the entrepreneurs interviewed for this study found some very helpful investors among the crowd which they managed to create around the company

and are, naturally, happy about each one of them. The most common issue the most active members of the crowd help the entrepreneurs with is the internationalization and expansion of the company. In terms of goals for the crowdfunding campaigns, in the first place, The Interviewees A, B and C were specifically aiming towards international markets via their crowdfunding campaigns.

In this study, the number of interviewees was fairly small, and the study focused on equity crowdfunding campaigns of one specific crowdfunding platform. However, as the coherency of the theoretical section, which was not specifically focused on any one type of crowdfunding, and the empirical section of this study testifies, the results may be somewhat generalized as the basic mechanisms of crowdfunding are still fairly similar. Based on the results and findings of this thesis, it may be helpful to orientate and instruct the future crowdfunding entrepreneurs even more. Surely the business is still taking shape and no straightforward guidelines can be given or applied in every case: entrepreneurs are still experimenting with crowdfunding and, at least for one of the interviewees in this thesis, part of the fun was to do something completely new. However, as the need for more orientation exists, this study can be viewed as a needed and helpful tool for the commissioner and future crowdfunding entrepreneurs.

The main findings of this thesis have been summarized into a five-point list and included at the end of this study (APPENDIX 2). It can be distributed as a handout for future crowdfunding entrepreneurs on The Crowdfunding Platform X, highlighting the five main points and findings of this thesis.

6 SUMMARY

This study was carried out as a commission for a crowdfunding platform The Crowdfunding Platform X. The author of the thesis conducted a five-month internship at the commissioning company under the summer and autumn in 2013, which is when the idea for this thesis originated. Crowdfunding as a phenomenon is new and interesting topic all over the world. In essence, crowdfunding can be defined as actions to fund a company or a project through online-based platforms. The fundamental idea is that people can give anything from a few euros to bigger amounts and together make big things happen with their combined efforts. The topic of the thesis was suggested by The Crowdfunding Platform X as they wished for information about how the entrepreneurs on their platform market their crowdfunding campaigns and what kind of experiences do they have concerning the subject.

The theoretical frame of reference consisted of various written and electronic sources on digital marketing and crowdfunding as well as a crowdfunding professional's interview to provide deeper insights on the business. This study was carried out as qualitative research, and the data for the empirical section was obtained through interviews. Interviewed were four entrepreneurs who had conducted a crowdfunding campaign on The Crowdfunding Platform X's platform. Therefore, the interviewees were able to provide relevant information on the subject based on their first-hand experiences, and to share their views and recommendations to others considering crowdfunding.

The goal of this study was to provide the commissioner with information on what exactly the entrepreneurs on their platform had done during their campaigns in terms of marketing, and to compile this information in one place together with the theoretical section in order to form a "guidebook" for future crowdfunding entrepreneurs. The study aimed to provide information, recommendations, and first-hand experiences of crowdfunding entrepreneurs and function as orientation material on crowdfunding, digital marketing, and, eventually, crowdfunding campaign marketing. The thesis explored the subject of marketing a crowdfunding campaign mainly via digital marketing channels with focus on social media marketing due to their applicability to crowdfunding. As an outcome of the study,

a handout has been created of the five most useful recommendations based on the results of this study to highlight the most important findings. Therefore, this thesis as a whole can be viewed as a solution to the research problem set in the very beginning of the study: how entrepreneurs should market their crowdfunding campaigns and what are the most important aspects to take into consideration.

The results of this study show that all of the entrepreneurs used social media to market their crowdfunding campaigns. However, also e-mail and events were utilized in marketing. Interviewed entrepreneurs recommend others to include a video in the crowdfunding presentation, to start the campaign big, to utilize existing, strong networks during the campaign, and to take into account the legal regulations concerning crowdfunding. It is also of crucial importance to let the true passion and commitment of the team behind the crowdfunding campaign to shine through as well as to engage and build relationships with the potential investors. When it comes to content the entrepreneurs shared during their campaigns, a common type of content to share was the press coverage for the company as well as the progress of the campaign.

In essence, the results of this study show that entrepreneurs are still experimenting with crowdfunding. They are mainly proceeding on a trial-and-error basis and may not have clear goals or expectations in terms of their campaigns. As the business of crowdfunding is still taking shape, no straightforward guidelines can be stated or applied in every case. However, this thesis as a whole can be viewed as a needed and helpful tool to understand and learn about crowdfunding campaign marketing. Furthermore, based on this study, lots of possible future research topics can be found. The scope of the future studies can be more focused in terms of a specific crowdfunding platform, type of crowdfunding, country, and field of business of companies seeking funding, to name a few. The study can also be expanded to, for example, cover more areas of marketing and campaigns from various different crowdfunding platforms. In addition, as the business of crowdfunding evolves and grows all the time, lots of potential research subjects will assuredly emerge in the future.

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APPENDICES

APPENDIX 1: The interview questions

APPENDIX 2: Handout of the main findings of the study

APPENDIX 1. The interview questions

MARKETING A CROWDFUNDING CAMPAIGN

General

1. How many hours per week (approx) would you say you used for marketing activities during the campaign?
2. Did the amount of work with marketing and promoting the campaign surprise you? Was there more or less work than you thought?
3. Did you use social media or other digital marketing channels a lot to promote your campaign? What other channels did you use (events, printed media etc)?
4. Do you feel you had enough marketing/social media knowledge and experience before you started the campaign? Do you think you should have had more?
5. Did you have specific goals/expectations/wishes concerning the crowd and the possibilities and resources that it might provide for your company?

Marketing plan & goals

1. Did you have any specific marketing goals in terms of your crowdfunding campaign?
2. Did you have a marketing plan for the crowdfunding campaign? What kind of things were included in your marketing plan (focused on timing, content, channels etc.)?
3. If you had a marketing plan, do you feel you estimated right or was it not sufficient?
4. If you didn't have a marketing plan do you feel you should have had one? Why?

Channels (interaction & communication)

1. What were the marketing channels you mainly used to market your crowdfunding campaign? Any comments why these?
2. Were the channels you used to market your crowdfunding campaign those same channels you had already used before to market your business/product?
3. Did you use some marketing channels you hadn't used before? Did you try some completely new approach for the crowdfunding campaign?

4. What, in your opinion, turned out to be the most successful marketing channels to market your crowdfunding campaign? Why?
5. Did you try any others that maybe were not as successful? What and why do you think they didn't work?
6. Do you feel you were able to interact/communicate with potential investors/customers enough during the campaign? Which were the most suitable channels for this?

Content

1. What kind of content were you sharing during the campaign?
2. Were you specifically trying to appeal to the potential investors with your content? Did it differ a lot from the material you normally would use to promote your business/product?
3. Did you do any research on crowdfunding campaign marketing before you started your own? Did you find enough information?

Aftermath & tips

1. In terms of everything listed above, what kind of tips and/or recommendations would you give to other future crowdfunding entrepreneurs (especially about marketing)?
2. Do you feel you learned something new about marketing and communications during the campaign?
3. How has it been to manage a huge crowd? Have you been able to utilize crowd's resources?
4. How do you keep in touch with the crowd? Do you use the same channels as you did during the campaign?

APPENDIX 2. Handout of the main findings of the study

5 TIPS FOR A SUCCESSFUL CROWDFUNDING CAMPAIGN

1. UTILIZE STRONG, ALREADY EXISTING NETWORKS

Already existing, wide and well established networks before launching a crowdfunding campaign are essential. Through successful marketing activities this support from the existing networks can be turned into a successful crowdfunding campaign.

2. THERE IS NO ONE RIGHT WAY TO MARKET A CROWDFUNDING CAMPAIGN

As crowdfunding is still new and growing business there is no strict guidelines to follow. After their campaigns, all interviewees felt they would do many things differently if starting with a new campaign. This goes to show that people are still learning about crowdfunding and the whole business is only starting to take its form. A good idea is to follow up on the business before launching your own campaign and to do thorough research in advance.

3. START THE CAMPAIGN BIG

It is of key importance to give the campaign an impressive kick-start from which to go on from. This will attract attention and create buzz around the campaign from the very first day of the campaign. When people see that others believe in the project and have joined in, they are more likely to join as well.

4. SOCIAL MEDIA CHANNELS ARE POPULAR FOR SHARING THE CAMPAIGN

Crowdfunding is all about involving people, building relationships and communities, and having the crowd to work together for mutual goals, which makes social media a perfect tool. Further, out of all social media channels Facebook was the most used one. It is also usually a familiar channel for most and, therefore, a natural and easy choice where the entrepreneurs already have existing networks.

5. BE PERSONABLE AND LET YOUR PASSION SHOW

Present the team behind the campaign and let their true passion and commitment for the project shine through. If the team is not passionate and enthusiastic about the campaign, nobody else will be either. Including a video in the campaign presentation is essential, and will often convey the vision and passion of the team better than words alone. Showing the true commitment of the team behind the project also creates credibility and trust.